



2015 A Record Year for Indiana Tourism

Methodology, Metrics and
Evaluation



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2015 Indiana Tourism Highlights

Background & Methodology

2014 – 2015 Indiana Tourism Performance

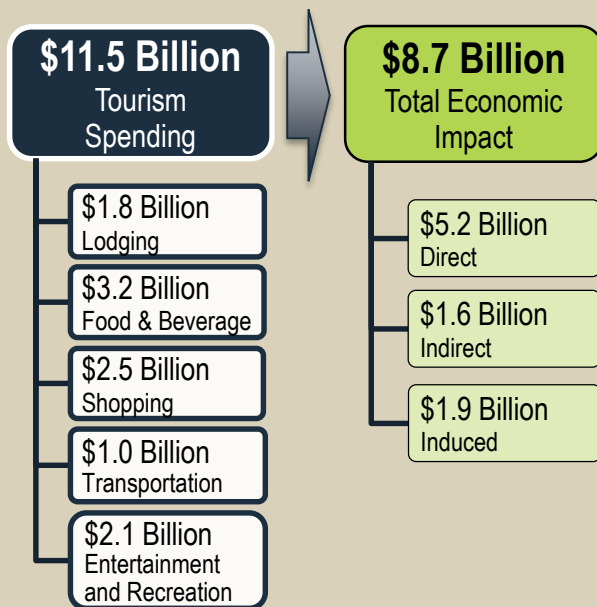
2015 Tourism's Contribution to the Indiana Economy

2014 – 2015 Indiana Tourism by County

How Does Tourism Benefit Indiana?

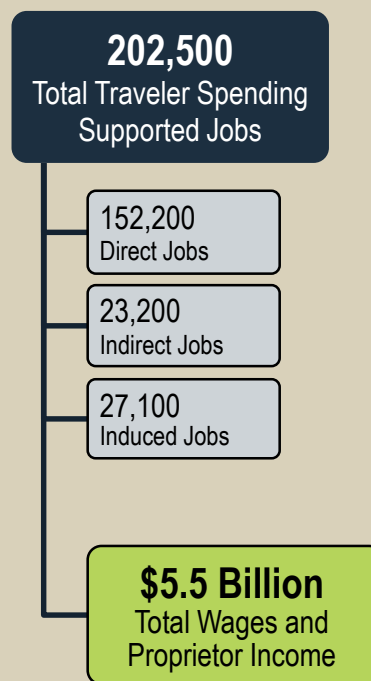


Tourism and Impact



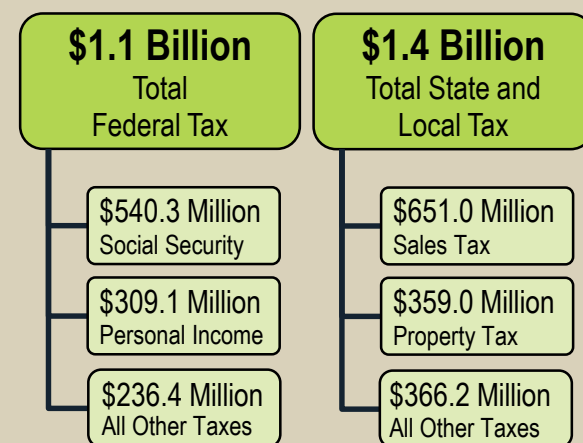
For every tourism dollar spent in Indiana in 2015, **76 cents** 'stayed' local and contributed directly to the gross state product of Indiana. This includes the **direct** (tourism-oriented), **indirect** (supply chain) and **induced** (income) impacts. The remaining **24 cents** of every dollar 'leaked' to areas outside of Indiana.

Jobs and Wages



Every **\$56,790** spent on tourism in Indiana in 2015 supported one job, which paid an average of **\$27,160/year** in gross wages. This includes jobs in the industries directly supporting the visitor such as **hotels** but also in supply chain sectors like **wholesale trade and accounting services**. The wages of direct and indirect workers also goes to support industries like **consumer goods, healthcare and real estate**.

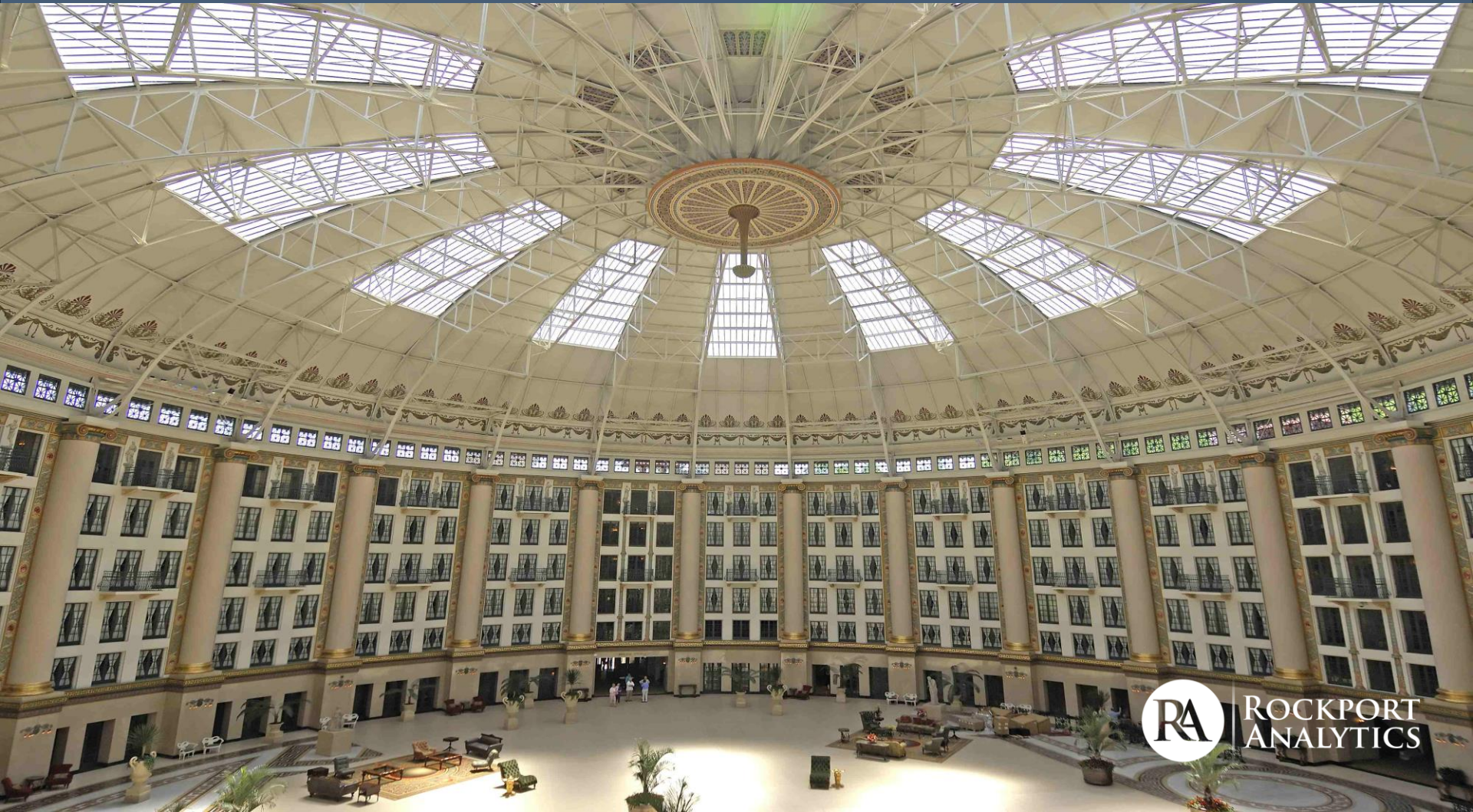
Tax Revenue Generated



For every **\$1.00** spent on tourism in Indiana in 2015, **9 cents** goes to federal taxes and **12 cents** goes to state and local taxes. **Federal tax collections** include corporate & personal income, excise and social security tax collections. **State and local tourism-derived taxes** include sales and hotel taxes, excises on rental cars and F&B purchases, as well as property taxes.

2015 A Record Year for Indiana Tourism

Background & Methodology



Study Overview

The economic impact of tourism in the state of Indiana was commissioned by the Indiana Office of Tourism Development. Covering the 2015 calendar year, the analysis seeks to translate the contribution made by visitors to Indiana GDP, jobs, wages, and tax receipts. The research was conducted by Rockport Analytics and Reach Market Planning, both independent market research & consulting companies, using a time-tested approach that has been applied to many state and city destinations across the United States. The goal of the study was to measure and analyze the full economic contribution that visitors make to the Indiana economy.

Methodology

The total economic impact of travelers is separated into three distinct effects: direct, indirect, and induced. The direct impacts represent the value added of those sectors that interact directly with, or touch, the visitor. The indirect impact represents the benefit to local suppliers to those direct sectors. This would include, for example, Indiana-based food suppliers to restaurants. The induced impact adds the effect of tourism-generated wages as they are spent throughout Indiana's economy.

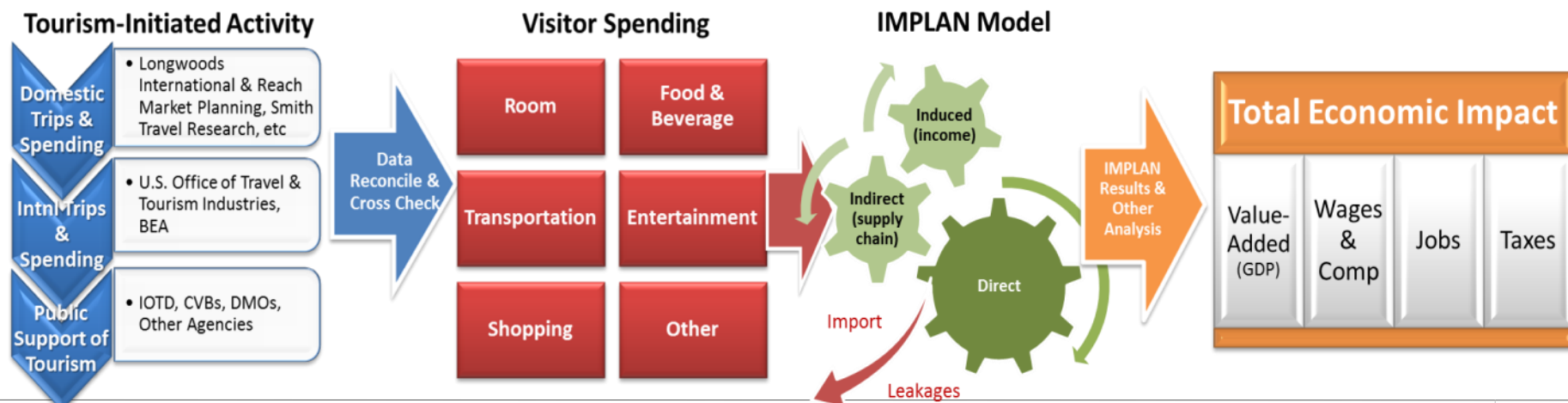
The economic impacts reported in this study are based on Indiana visitor spending as reported by Longwoods International (www.longwoods-intl.com), Reach Market Planning (www.reachmp.com) and the National Travel & Tourism Office of the Bureau of Commerce (<http://tinet.ita.doc.gov>). This traveler data is then reconciled with Bureau of Labor Statistics (BLS) reported employment data, reported tax receipts from the Indiana Department of Revenue, and other secondary sources such as Smith Travel Research, Dun & Bradstreet, and McGraw-Hill Construction. >>

Methodology Cont.

An economic model of Indiana is also critical to estimating how traveler spending resounds through the state and county-level economies. Rockport Analytics has chosen the IMPLAN model for Indiana (www.implan.com), a non-proprietary economic model that has become the standard for most economic impact assessments in the United States. This model is critical to measuring the direct, indirect, and induced impacts of visitation to the state.

IMPLAN also measures how much of each tourism dollar remains in the state economy. Total traveler spending generally exceeds the direct impact of tourism. This is because not all goods and services purchased by travelers are supplied by firms located in Indiana. The IMPLAN model accounts for these import “leakages”² to suppliers located outside of the state. Generally, the more diversified a state economy, the lower are import leakages and the higher the retention and multiplier of visitor spending.

² Leakages refer to goods and services that must be imported into the state due to insufficient in-state capacity.



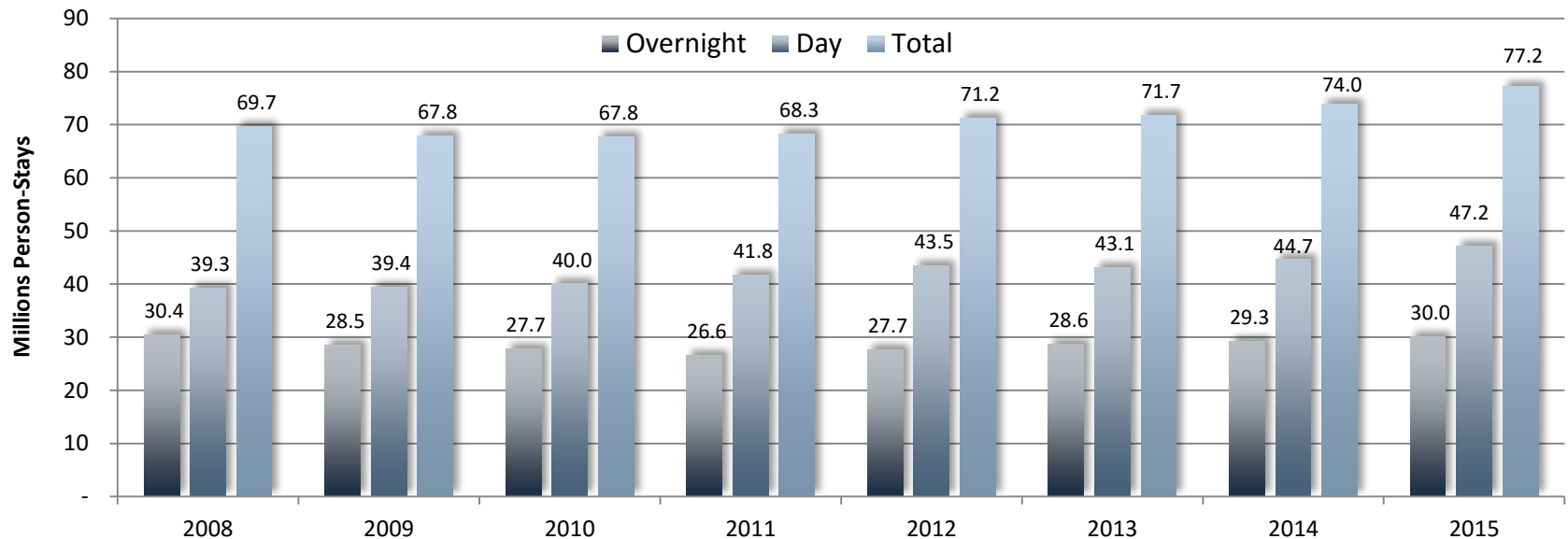
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Indiana Tourism Performance



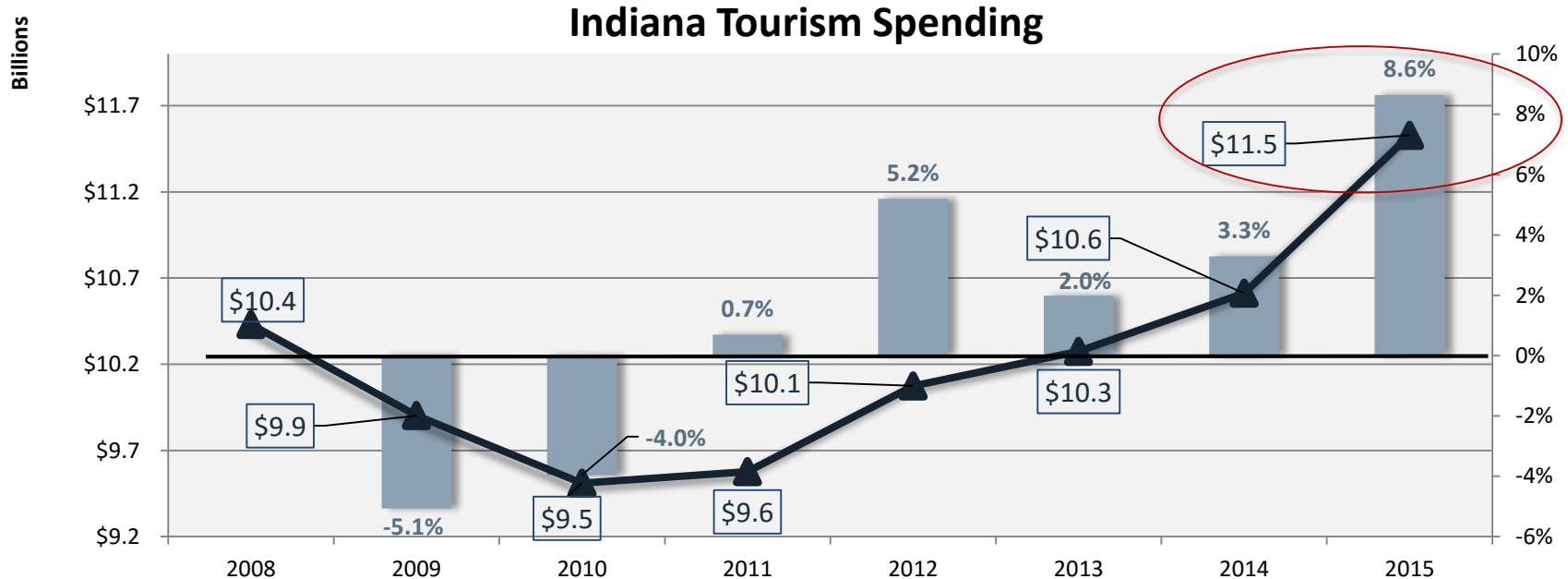
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Indiana Visitor Volume



Note: All international visitation was summed in the Overnight category
 Source: Longwoods International, Reach Market Planning, NTT, Rockport Analytics

- ✓ Indiana trip volume burst through the 77 million Person-trips (P-trips) level in 2015 –a new record ! Total trip volume advanced by 4.3% versus year-earlier levels.
- ✓ Daytrips reached 47.2 million in 2015, an increase of more than 6% from 2014. Daytrips are measured as anyone who has traveled more than 50 miles one way to visit an Indiana destination but has not stayed overnight. They include both out-of-state and in-state visitors. Daytrips comprised over 61% of total visitation highlighting Indiana's positions as a strong drive destination.
- ✓ Meanwhile, overnight visits expanded by 2.6% in 2015 to reach 30 million Person-Stays. This level was last achieved just before the Great Recession.
- ✓ International trips are the most difficult to estimate given a lack of detailed data. Rockport estimates Indiana trip volume from outside the U.S. at 435,000 in 2015, up 5.5% from the year before. About 60% of those visitors hail from Canada or Mexico, the remainder from overseas origin markets.

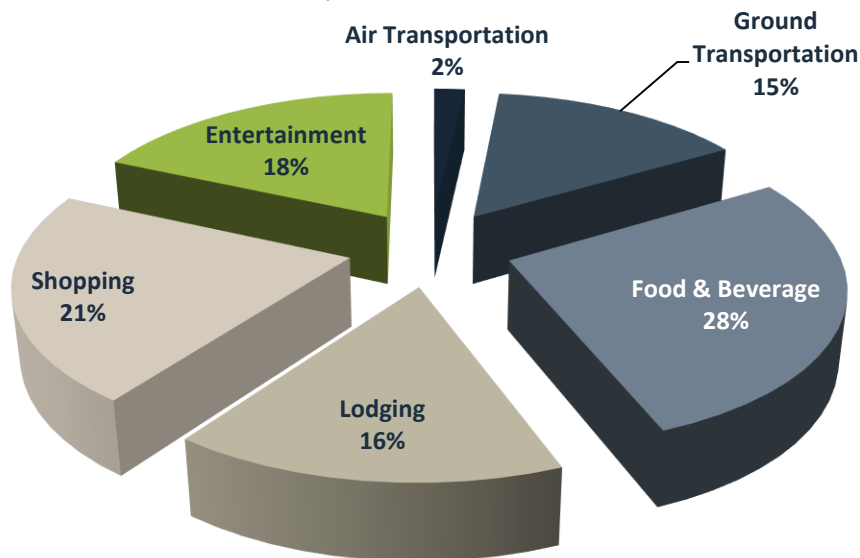


Source: Longwoods International, Reach Market Planning, BEA, STR, Rockport Analytics

- ✓ Statewide visitor spending also set a new record in 2015 reaching \$11.5 billion, an 8.6% versus 2014. This was the strongest showing yet in a 5-year string of positive performance.
- ✓ Despite concerns regarding negative fallout from HB-2, the combination of stronger economic growth, improved consumer confidence, rising travel prices, and cumulative marketing & promotional efforts were more than enough to compensate.
- ✓ Spend-Per-Visitor rose to \$149.60 in 2015, up almost \$6.00 from year-earlier levels
- ✓ By contrast, as reported by their respective tourism development offices, 2015 visitor spending advanced 6.8% in Missouri, 4.2% in Kansas, 3.4% in California, 2.6% in Illinois, and 1.7% in Louisiana. Texas' visitors expenditures fell by -2.2% in 2015.

2015 Tourism Spending by Category

\$11.5 billion



Source: Longwoods International, OTTI, Reach Market Planning, Smith Travel Research, Rockport Analytics



Lodging, F&B, and Entertainment register solid gains in 2015

Hoteliers had another strong year as room revenue and rate both advanced. Meanwhile, F&B spend was boosted by robust daytrip performance, likewise for Entertainment expenditures. Transportation growth was weak as air fares declined and gas prices overwhelmed moderate gains in volume.

Expenditure Category	2014	2015	Growth
	<i>In Millions USD</i>		%
Air Transportation	\$205	\$205	0.3%
Ground Transportation	\$1,665	\$1,696	1.9%
Food & Beverage	\$2,900	\$3,185	9.8%
Lodging	\$1,671	\$1,838	10.0%
Shopping	\$2,281	\$2,492	9.2%
Entertainment	\$1,890	\$2,111	11.7%
Total	\$10,612	\$11,529	8.6%

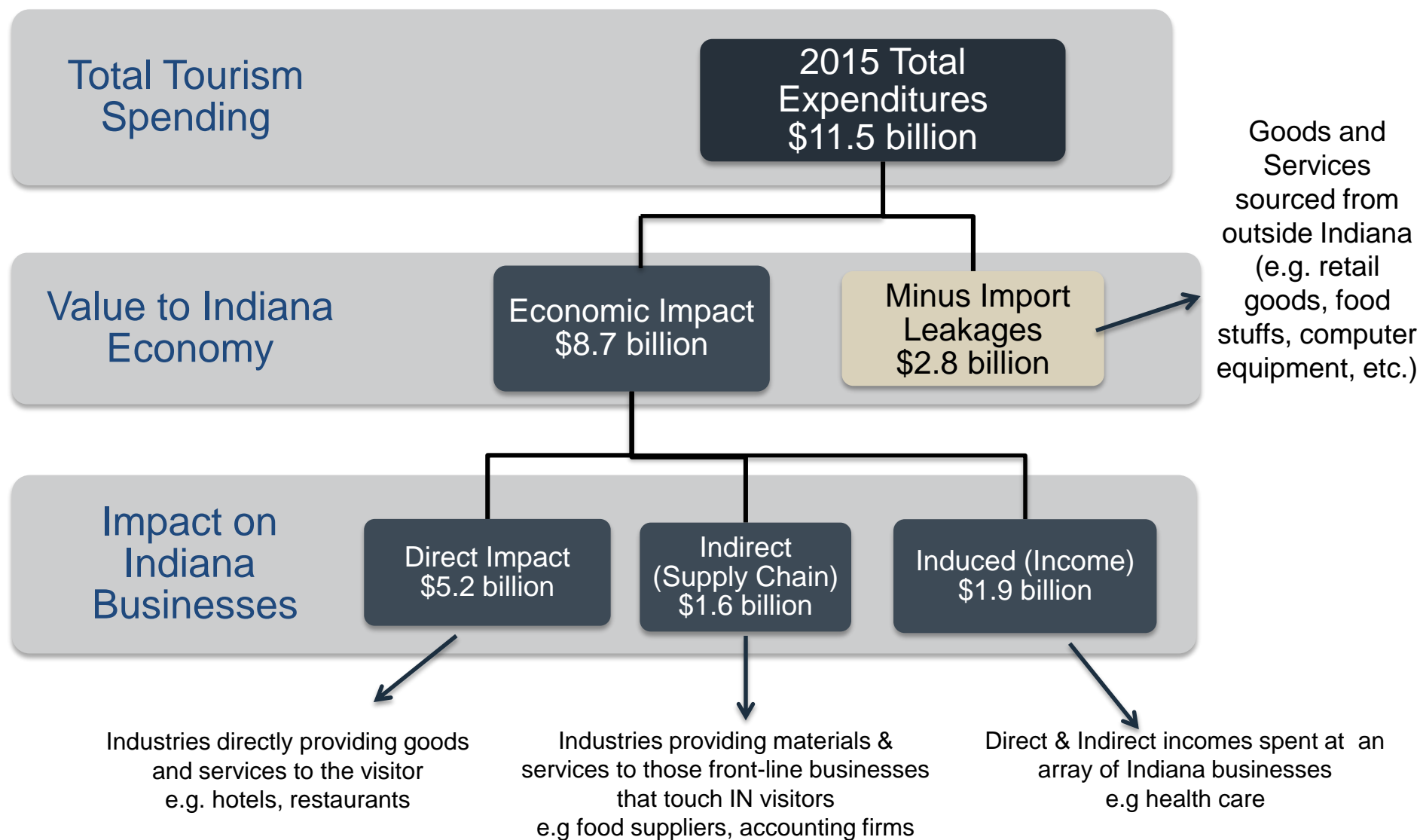
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Tourism's Contribution to the Indiana Economy



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Indiana Tourism Impact Flows



Indiana Tourism's Bottom Line

2015 Economic Impact Summary

2015 Metric	Direct	Indirect	Induced	Total	% Vs. 2014	Difference from 2014
Total Visitor Volume <i>(millions of Person-Trips)</i>				77.2	4.3%	+3.2
Total Tourism Spending <i>(in millions of current \$)</i>				\$11,529	8.6%	+\$917
Economic Impact (GDP) <i>(in millions of current \$)</i>	\$5,223	\$1,594	\$1,915	\$8,732	7.6%	+\$620
Wages <i>(in millions of current \$)</i>	\$3,413	\$976	\$1,061	\$5,450	7.4%	+\$377
Jobs	152,200	23,200	27,100	202,500	5.9%	+11,300
Tax Receipts <i>(in millions of current \$)</i>				\$2,462	8.6%	+\$176
Federal				\$1,086	7.6%	+\$77
State & Local				\$1,376	9.3%	+\$118

Highlights:

- Indiana welcomed more than 77 million visitors in 2015, an increase of over 3 million versus 2014. This is a new record for the Hoosier state.
- Total tourism spending surpassed \$11.5 billion, an increase of more than \$900 million or +8.6% versus the year before. This, too, sets a new record for Hoosier visitor commerce.
- Tourism contributed over \$8.7 billion to Indiana GDP in 2015 and supported more than 202,000 jobs. Based upon employment, Tourism now ranks as Indiana's #10 industry.
- Visitor commerce contributed more than \$1.4 billion in 2015 tax receipts to Indiana state and local governments.

Tourism Supports Sales in a Multitude of Industries Across the State

Indiana Tourism: 2015 Economic Impact (Value Added/GDP)

Industry (NAICS)*	Direct	Indirect	Induced	Total
	<i>in millions of dollars</i>			
722 Food services & drinking places	\$1,550.1	\$59.5	\$92.6	\$1,702.3
721 Accommodations	\$1,005.2	\$1.8	\$2.7	\$1,009.6
485 Transit & ground passengers	\$823.1	\$1.1	\$0.8	\$825.0
452 General merch stores	\$0.0	\$182.3	\$404.8	\$587.1
531 Real estate	\$526.1	\$5.4	\$47.0	\$578.5
713 Amusement	\$461.2	\$2.0	\$23.1	\$486.3
712 Museums & similar	\$401.8	\$0.0	\$2.1	\$404.0
712 Performing arts & sporting events	\$277.1	\$39.3	\$6.5	\$322.9
541 Professional services	\$13.8	\$222.9	\$73.4	\$310.1
561 Admin support services	\$0.0	\$157.7	\$45.5	\$203.2
621 Ambulatory health care	\$0.0	\$0.3	\$185.4	\$185.7
221 Utilities	\$0.0	\$57.8	\$101.7	\$159.5
42 Wholesale Trade	\$0.0	\$109.8	\$46.6	\$156.4
521 Monetary authorities	\$0.0	\$55.3	\$79.4	\$134.7
524 Insurance carriers & related	\$0.0	\$70.9	\$58.8	\$129.8
92 Government & non NAICS	\$12.8	\$75.9	\$23.9	\$112.5
532 Rental & leasing services	\$85.5	\$14.4	\$9.5	\$109.4
622 Hospitals	\$0.0	\$0.0	\$109.0	\$109.1
517 Telecommunications	\$0.0	\$52.3	\$37.5	\$89.8
230 Construction	\$0.0	\$61.5	\$21.0	\$82.4
481 Air transportation	\$66.6	\$2.4	\$4.5	\$73.4
Other Industries	\$0.0	\$422.0	\$538.9	\$960.9
Total 2015	\$5,223.3	\$1,594.5	\$1,914.7	\$8,732.5
Total 2014	\$4,857.7	\$1,472.2	\$1,782.4	\$8,112.3
% Change	7.5%	8.3%	7.4%	7.6%

Direct

Businesses that serve Indiana visitors

Indirect

Supply Chain businesses that often do not fully appreciate the benefits visitors bring to Indiana

Induced

Tourism-supported workers spend much of their wages locally creating benefits to virtually all local businesses

* North American Industrial Classification System (NAICS). For specific industry definitions, see www.census.gov

Tourism Supports a Broad Array of Jobs in Indiana

Indiana Tourism: 2015 Economic Impact (Employment)

Industry (NAICS)*	Direct	Indirect	Induced	Total
722 Food services & drinking places	56,930	2,190	3,400	62,520
485 Transit & ground passengers	34,430	60	90	34,580
721 Accommodations	16,980	20	20	17,020
712 Performing arts & spectator sports	14,770	1,580	300	16,640
452 General merch stores	12,250	130	1,110	13,490
713 Amusement- gambling & recreation	9,660	70	420	10,150
561 Admin support services	0	4,440	1,270	5,710
712 Museums & similar	5,480	0	30	5,510
541 Professional services	190	2,830	950	3,970
531 Real estate	0	2,050	1,290	3,340
621 Ambulatory health care	0	0	2,200	2,210
622 Hospitals	0	0	1,620	1,620
92 Government & non NAICs	220	910	310	1,430
42 Wholesale Trade	0	480	840	1,320
812 Personal & laundry services	0	660	620	1,280
230 Construction	0	990	270	1,260
813 Religious- grantmaking- & similar orgs	0	300	910	1,210
611 Educational services	0	120	1,010	1,130
623 Nursing & residential care	0	0	1,090	1,090
811 Repair & maintenance	0	600	480	1,070
524 Insurance carriers & related	0	590	450	1,040
Other Industries	1,330	5,160	8,460	14,950
Total 2015	152,240	23,180	27,130	202,550
Total 2014	143,820	21,740	25,690	191,250
% Change	5.8%	6.6%	5.6%	5.9%

- ✓ Over 152,000 jobs were directly supported by tourism in 2015. Another 23k jobs were supported by the tourism supply chain and 27k through the income spent by tourism workers and business owners.
- ✓ Direct tourism employment expanded by 5.8% in 2015. Meanwhile, total Indiana job growth was only 1.8%
- ✓ It is not only jobs on the front-line of visitor service that are supported by tourism, many supply chain workers owe their jobs to tourism (e.g. Real Estate, Admin Support).

* North American Industrial Classification System (NAICS). For specific industry definitions, see www.census.gov

Tourism Is Indiana's 10th Largest Industry

2015 Tourism in Indiana: Ranking of Major Industries By Total Employment

Rank	Industry (w/ NAICS)	2015 Tourism- Initiated Jobs	2015 Reported*	2015 Tourism- Extracted**	% of Total Employment	15-v-14 Growth Rate
1	31-33 Manufacturing	-	534,256	534,256	14.3%	2.4%
2	92 Government & Non Profits	215	443,115	442,900	11.8%	-0.1%
3	62 Health & Social Services	-	422,314	422,314	11.3%	2.1%
4	44-45 Retail Trade	12,253	396,470	384,217	10.3%	2.0%
5	56 Administrative & Waste Services	-	237,066	237,066	6.3%	1.9%
6	81 Other Services	-	225,681	225,681	6.0%	1.5%
7	72 Accommodation & Food Services	73,915	274,856	200,941	5.4%	3.0%
8	23 Construction	-	193,409	193,409	5.2%	2.6%
9	54 Professional- Scientific & Tech Svcs	188	170,348	170,160	4.5%	3.5%
10	Tourism Industry	152,236		152,236	4.1%	5.8%
11	52 Finance & Insurance	-	145,510	145,510	3.9%	0.6%
12	53 Real Estate & Rental	654	139,850	139,196	3.7%	3.4%
13	42 Wholesale Trade	-	133,067	133,067	3.6%	3.0%
14	48-49 Transportation & Warehousing	35,101	156,254	121,153	3.2%	1.7%
15	61 Educational Services	-	86,694	86,694	2.3%	3.9%
16	51 Information	-	42,881	42,881	1.1%	-3.5%
17	71 Arts, Entertainment & Recreation	29,908	70,768	40,860	1.1%	0.8%
18	55 Management of Companies	-	36,537	36,537	1.0%	4.4%
19	22 Utilities	-	14,394	14,394	0.4%	-0.8%
20	21 Mining	-	13,319	13,319	0.4%	-2.6%
21	11 Ag, Forestry, Fish & Hunting	-	10,492	10,492	0.3%	0.3%
Total Indiana Employment		152,240	3,747,281	3,747,281	100%	1.9%

Source: Rockport Analytics, BEA, Moody's Analytics, IMPLAN

* 2015 Reported: As released by the **Bureau of Economic Analysis** and the Indiana Department of Labor. Includes both Full & Part-Time Jobs.

** 2015 Tourism Extracted: Tourism's contribution to jobs in each industry is removed and placed in "Indiana's **Tourism Industry**"

Indiana Tourism-Initiated Tax Revenue

2015 Vs. 2014 Tourism Tax Revenue Collections

	2014	2015	% Change
Federal:	<i>in thousands of dollars</i>		
Corporate Income	\$136,777	\$147,605	7.9%
Personal Income	\$287,726	\$309,073	7.4%
Excise & Fees	\$82,081	\$88,802	8.2%
Social Security & Other Taxes	\$502,284	\$540,270	7.6%
Federal Total	\$1,008,868	\$1,085,750	7.6%
State:			
Corporate Income	\$19,335	\$20,866	7.9%
Personal Income	\$96,353	\$103,502	7.4%
Social Insurance Taxes	\$5,084	\$5,473	7.6%
Other Business Taxes	\$31,102	\$33,607	8.1%
Excise & Fees	\$39,432	\$43,053	9.2%
Rental Car Excise	\$5,778	\$5,859	1.4%
Sales Taxes	\$592,232	\$651,045	9.9%
Indiana Total	\$789,316	\$863,405	9.4%
Local:			
Personal Income	\$13,765	\$14,786	7.4%
Hotel Tax	\$90,584	\$103,969	14.8%
Admission Taxes	\$1,473	\$1,364	-7.4%
Property Taxes	\$331,845	\$358,999	8.2%
Rental Car	\$3,676	\$3,470	-5.6%
Food & Beverage	\$23,111	\$24,998	8.2%
Other Licenses, Fines & Fees	\$4,899	\$5,281	7.8%
Local Total	\$469,352	\$512,867	9.3%
Total Indiana Tourism-Initiated Taxes	\$2,267,536	\$2,462,023	8.6%

State & Local Tourism-Initiated Taxes Top \$1.4 billion in 2015

- ✓ Tourism-initiated taxes approached \$2.5 billion in 2015, \$1.4 billion of which went to state and local authorities. Given strong visitor spending, rising hotel rates, and tourism sector job growth, tourism-initiated taxes rose by 8.6% last year.
- ✓ Sales and Hotel taxes were the driving forces behind 2015 tourism tax gains, expanding 14.8% and 9.9%, respectively.
- ✓ Tourism contributed over \$650 million in Indiana sales tax receipts. This constituted nearly 9% of all 2015 sales tax collections in the state.
- ✓ If tourism did not exist in Indiana, taxing authorities around the state would need to generate an average of \$550 in additional state & local taxes from each of Indiana's 2.5 million households to maintain current levels of tax receipts.
- ✓ Tourism provides about 1.6% of Indiana's GDP but contributes 3.6% of state & local tax collections.
- ✓ Hoosier tourism has an effective tax rate of 23%, up by 2 percentage points versus 2014, but well below the national average of 30%.

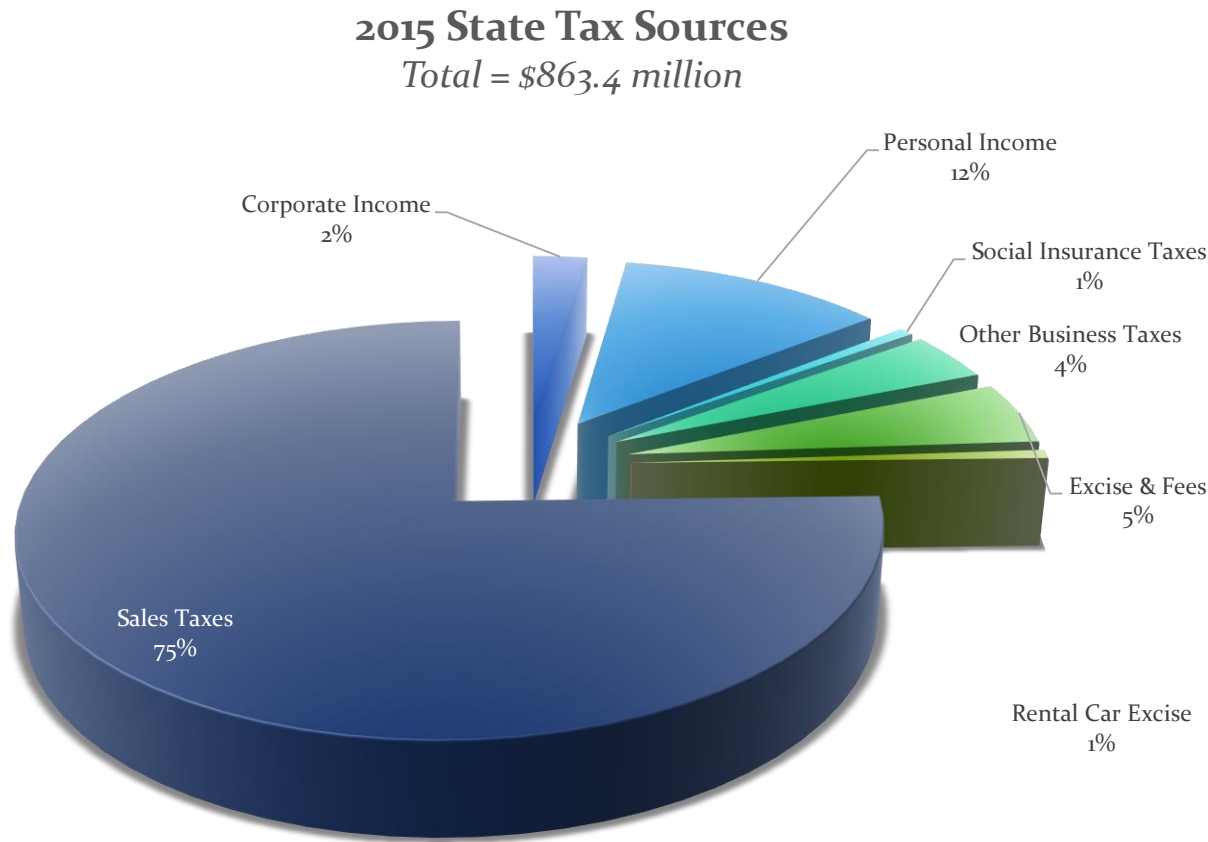
* Excluding property taxes

Indiana Tourism-Initiated State Tax Revenue

Indiana state level tourism tax receipts are driven by sales and income levies

Nearly every dollar of visitor spending is subject to the 7% Indiana sales tax. Tourism-initiated sales tax collections totaled \$651 million in 2015, up nearly 10% from year-earlier levels. This constituted about 9% of all Indiana sales tax collections.

Income taxes paid by tourism workers and companies comprised about 14% of total Hoosier tourism tax receipts. Together, they totaled \$124 million in 2015, up about 7.5%



Source: Rockport Analytics, IMPLAN, Indiana Department of Revenue

Indiana Tourism-Initiated Local Tax Revenue

Given rising room demand and daily rates, Hotel Taxes rose significantly in 2015.

Indiana Innkeepers tax receipts reached \$104 million in 2015, up almost 15% from the year before. These receipts now comprise more than 20% of all local tourism taxes.

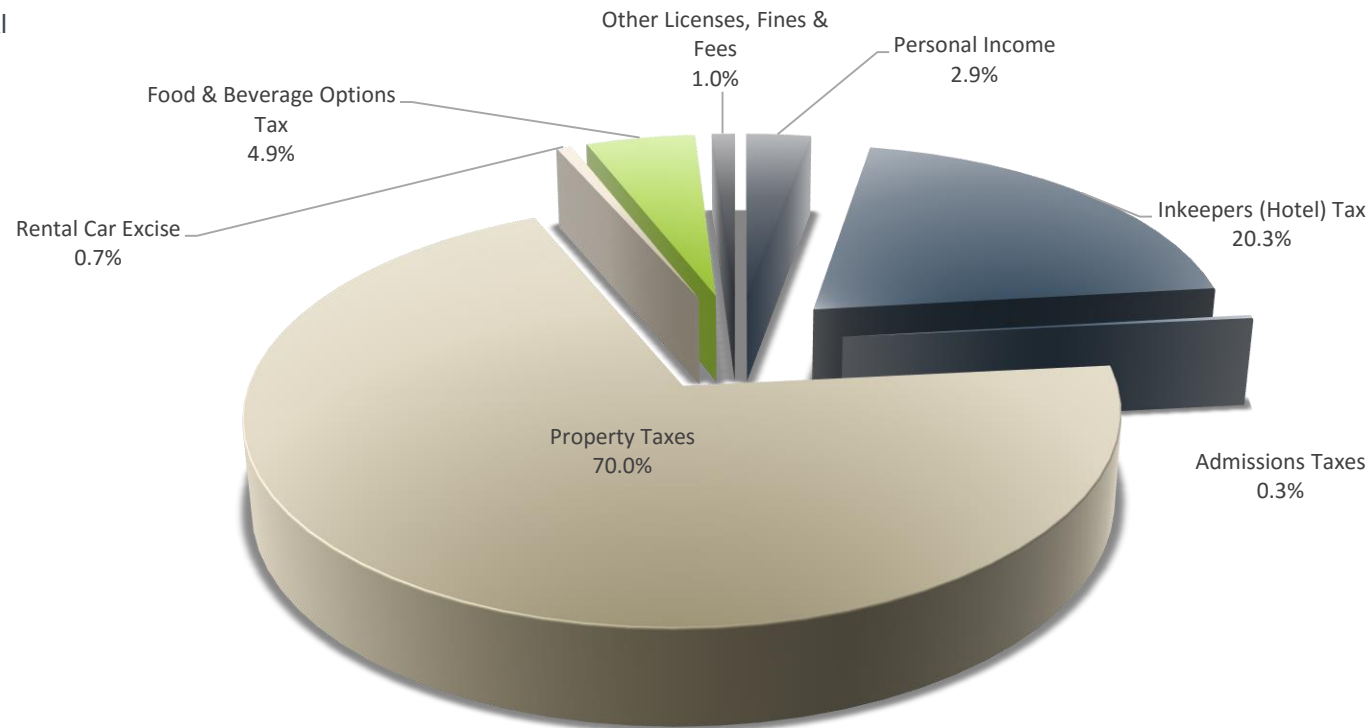
Local level tourism-initiated taxes are dominated by property levies

Tourism's support of Hoosier property taxes reached \$359 million in 2015, 70% of all local tourism taxes.

Property taxes are calculated by the IMPLAN model. The model allocates a portion of total property tax receipts based upon tourism's contribution to residential wages for residential property and commercial revenue for commercial property.

2015 Local Tax Sources

Total = \$497 million



Source: Rockport Analytics, IMPLAN, Indiana Department of Revenue, CIB

How Does Tourism Benefit Indiana?

By Promoting a Healthy Job Market

1 in 15 Indiana workers owes his/her job to tourism activity. Tourism was responsible for nearly 16% of net new IN jobs in 2015. It takes only 380 visitors to support one new job in Indiana. That's only 7 tour buses, 2 Boeing 737s, or 60 minivan trips more.

Contributing to the Health of Public Education and Safety

Tourism-initiated state & local tax revenue was sufficient to educate 158,000 IN public school students. That is 15% of the state's entire K-12 enrollment. Tourism tax revenue was sufficient to pay 50% of Indiana's Police & Fire spending in 2015.

Playing a Significant Role in the Indiana Economy's Industrial Composition

Tourism is the 10th largest industry (9th not including Government) in Indiana (by jobs). Tourism contributed 16% of net new Indiana jobs in 2015.

Directly Benefiting Area Businesses

Each Indiana visitor spent an average of \$150 locally on transportation, hotel, F&B, shopping, and entertainment.

Providing Tax Revenue to Support Local State & Local Government

Each visitor generated roughly \$32 in tax receipts, \$18 of which went to state and local authorities. IN tourism contributed more than \$1.3 billion in tax revenue to state and local coffers in 2015. While the tourism industry comprises about 1.6% of Indiana's Gross State Product, visitor commerce contributes more than 3.6 of its tax revenues.

Helping to Relieve the Tax Burden of Indiana Households

If visitors stopped coming to Indiana each of its 2.5 million households would have to pay an additional \$550 in state & local taxes in order to maintain current levels of tax receipts.

Capturing and Retaining the Expenditures Made By Visitors

For every \$1 spent by IN visitors in 2015, the state economy retained about 76¢. About 48¢ of that retained benefit went towards paying IN workers a total of \$5.5 billion in wages and salaries. And 12¢ of each visitor dollar went towards the payment of state and local taxes.



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